



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 4, 2008

H.R. 1469 **Senator Paul Simon Study Abroad Foundation Act of 2007**

*As ordered reported by the Senate Committee on Foreign Relations
on February 13, 2008*

H.R. 1469 would authorize the establishment of the Senator Paul Simon Study Abroad Foundation to encourage U.S. students to study overseas, particularly in nontraditional destinations such as China, the Middle East, and developing countries. Over 200,000 American students currently study overseas every year, and one of the foundation's objectives would be to increase this number to at least one million within 10 years. The foundation would be directed to make grants to students, nongovernmental organizations, and educational institutions, and to report annually to the Congress.

The act would authorize the appropriation of \$80 million a year for the foundation and allow it to solicit funds and accept gifts and donations. Based on historical spending patterns for similar educational exchange programs and assuming enactment around the middle of fiscal year 2008, CBO estimates that implementing this legislation would cost \$20 million in 2008 and \$405 million over the 2009-2013 period, subject to the appropriation of the authorized amounts. Any gifts and donations to the foundation would increase governmental receipts and the spending of these receipts would increase direct spending. CBO estimates that initially the foundation would receive and spend gifts and donations of less than \$500,000 a year, but that those amounts could be significant in later years. Thus, the act would increase both direct spending and receipts, but CBO estimates that the net result would likely be negligible in each year.

H.R. 1469 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Some public colleges and universities would benefit from grants to encourage students to study abroad. Any costs to those schools would be incurred voluntarily as a condition of receiving federal assistance.

On April 12, 2007, CBO transmitted a cost estimate for H.R. 1469 as ordered reported by the House Committee on Foreign Affairs on March 27, 2007. The two versions of the legislation are similar, but CBO estimates that H.R. 1469 as ordered reported by the Senate Committee on Foreign Relations would have lower costs in 2008 and higher costs in 2009 and 2010, as a result of a later assumed enactment date.

The CBO staff contact for this estimate is Sunita D'Monte. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.